

Message Text

PAGE 01 STATE 200628

60

ORIGIN EUR-08

INFO OCT-01 ISO-00 H-03 SS-07 NSC-06 AID-01 /026 R

DRAFTED BY EUR/EE:JLFISHBEIN

APPROVED BY EUR/EE:TPHDUNLOP

----- 039503

P 222222Z AUG 75

FM SECSTATE WASHDC

TO AMEMBASSY BELGRADE PRIORITY

UNCLAS STATE 200628

E.O. 11652: N/A

TAGS:OREP

SUBJECT: CODEL ALBERT: CONSUMER PRICES

PLEASE DELIVER U.S.REP. THOMAS S. FOLEY (CODEL ALBERT)
HOTEL LIBERTAS, DUBROVNIK

1. DEPT. LABOR ANNOUNCED AUGUST 21 THAT CONSUMER PRICE INDEX (CPI) INCREASED 1.2 PERCENT IN JULY. PRESS GAVE HEADLINE TREATMENT:NYTIMES - "A RECORD FOR JULY...USED CARS, FOOD, FUEL LEAD THE WAY... OFFICIALS HOPEFUL, DON'T EXPECT SOARING COSTS TO CONTINUE." WASHINGTON POST DEVOTES HALF FRONT PAGE TO INCREASE: "FOOD AND FUEL LED EXPLOSION IN JULY PRICES-- BAD PRICE NEWS FORESEEN--IMPACT OF GRAIN SALE IS DISCOUNTED" (LATTER AT VERY BOTTOM OF PAGE)

2. CPI ROSE 1.2 PERCENT IN JULY "BIGGEST MONTHLY JUMP SINCE DEC. 1974" JULY INCREASE FOLLOWS 0.8 PERCENT IN JUNE, 0.4 PERCENT IN MAY. JUNE INCREASE ALSO DUE TO FOOD, FUEL INCREASES ACCORDING ROWAN (POST). LABOR DEPT. SAID ABOUT 75 PERCENT OF THE JUMP IN CONSUMER PRICES WAS CAUSED BY INCREASES IN MEATS, POULTRY, FRESH FRUITS, VEGETABLES GASOLINE, AND USED CARS. JULY INDEX WAS 162.3 PERCENT OF

1967 AVERAGE MEANING THAT A COMBINATION OF GOODS COSTING UNCLASSIFIED

PAGE 02 STATE 200628

10 DOLLARS IN 1967 COST 16.23 DOLLARS IN JULY.

3. FOOD PRICES AS MEASURED IN THE INDEX WERE UP 1.7 PERCENT, SEASONALLY ADJUSTED. INDEX FOR GASOLINE AND

MOTOR OIL ROSE 3.3 PERCENT WITH GASOLINE UP 4.3 PERCENT.

FOLLOWING IS NATIONAL COMPARISON BY MAJOR SE(TORS:

CPI INDEX 1967 100

(FIRST COLUMN IS CPI JULY 1975, SECOND COLUMN IS PERCENT CHANGE JUNE 1975, THIRD COLUMN IS JULY 1974)

ALL ITEMS	162.3	1.2	1.7
FOOD	177.4	1.7	3.0
HOUSING	167.4	0.5	0.8
TRANSPORTATION	151.5	1.9	2.6
HEALTH &			
-- RECREATION	153.8	0.5	0.8

4. BUTZ PRESS CONFERENCE ON AUGUST 21 DEALT WITH "SPECIAL REVIEW FOOD PRICES AND SUPPLIES AS COMPILED BY USDA. PAARLBERG AND BELL ALSO PRESENT AND CONFERENCE GIVEN FRONT PAGE TREATMENT AUGUST 22 EDITIONS POST AND TIMES. BUTZ SAID SOVIET GRAIN SALES WOULD RAISE FOOD PRICES BY NO MORE THAN 1.5 PERCENT THIS YEAR. PAARLBERG ADDED IT COULD BE GREATER IF SOVIETS SEEK MORE U.S. GRAIN LATER, AS IS EXPECTED. MORGAN (POST) DESCRIBED CONFERENCE AS VIGOROUS EFFORT AT USDA TO ABSOLVE GRAIN DEALS OF BLAME FOR LAST MONTH'S FOOD INFLATION." BUTZ QUOTED "LETS DON'T PANIC...WE HAVE RECORD FOOD SUPPLIES AND POLICY OF PLENTY PAYING OFF." BELL TOLD AUDIENCE SOVIETS HAVE NOW CONTRACTED FOR TOTAL 16.5 MILLION TONS WORLD-WIDE, SHORT OF ANTICIPATED NEEDS OF 25 MILLION TONS. OTHER DEPARTMENT DATA HIGHLIGHTED BY MORGAN WAS: A. WORLD CEREAL GRAIN PRODUCTION ESTIMATES DOWN 27 MILLION TONS TO 958.2 MILLION. B. LITTLE HOPE REBUILDING INTERNATIONAL FOOD STOCKS DEPLETED LAST YEAR. C. U.S. GRAIN EXPORTS NOW PROJECTED AT 77 MILLION METRIC TONS UP FROM 68.6 MILLION PROJECTED IN JULY. IN SUM BUTZ SAW FOOD PRICES GOING UP BY 9 PERCENT THIS YEAR. THIS FIGURE BASED ON, HE SAID, ASSUMPTION SOVIETS WOULD MAKE REASONABLE PURCHASE IN THE FUTURE.

UNCLASSIFIED

PAGE 03 STATE 200628

5. QUOTES OF THE DAY

RON NESSEN: "INCREASE IN CPI SOMEWHAT HIGHER THAN ANTICIPATED...IS WARNING THAT THERE HAS TO BE A GOOD DEAL OF VIGILANCE EXERCISED OR INFLATION WILL BE RE-IGNITED AND BACK INTO DOUBLE DIGIT FIGURES."

OTTO ECKSTEIN (FORMER CEA CHAIRMAN): "I THINK WE NOW HAVE TO EXPECT SOMETHING LIKE 8 PERCENT INFLATION."

CLARENCE ADEMY (ASSOCIATION OF FOOD CHAINS): "WE'RE PAYING NOW FOR THE GRAIN CROPS WE DIDN'T GET LAST YEAR."

CAROL FOREMAN, IN CRITICIZING BUTZ: "WE THINK AMERICAN

POLICY IS BEING MADE BY MARIE ANTOINETTE." THIS ALL
FROM BRANDT ROBINSON

UNCLASSIFIED

<< END OF DOCUMENT >>

Message Attributes

Automatic Decaptioning: X
Capture Date: 26 AUG 1999
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
Draft Date: 22 AUG 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975STATE200628
Document Source: ADS
Document Unique ID: 00
Drafter: EUR/EE:JLFISHBEIN
Enclosure: n/a
Executive Order: N/A
Errors: n/a
Film Number: D750292-0178
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t197508101/baaaasvy.tel
Line Count: 113
Locator: TEXT ON-LINE, TEXT ON MICROFILM
Office: ORIGIN EUR
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators:
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: ShawDG
Review Comment: n/a
Review Content Flags:
Review Date: 14 FEB 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <14 FEB 2003 by ReddocGW>; APPROVED <15 MAR 2004 by ShawDG>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
06 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: <DBA CORRECTED> gwr 971006
Subject: n/a
TAGS: OREP, (ALBERT)
To: BELGRADE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006